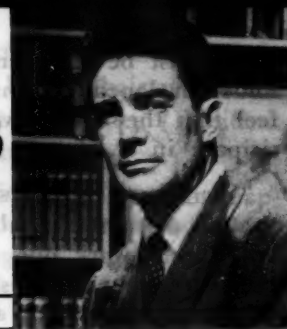


THE

Dan Smoot Report



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INVISIBLE GOVERNMENT—PART V Development Loan Fund

The Committee for Economic Development is the Council on Foreign Relations' principal propaganda arm in the work of formulating, and conditioning Congress and the American public to accept, policies which will finish converting America into a socialist dictatorship, in preparation for making America a unit in a one-world socialist system.

In its annual report for 1957, the Committee for Economic Development boasted of some of its past accomplishments and its future plans.

Mr. Howard C. Petersen, Chairman of the CED's Subcommittee on Economic Development Assistance (and a member of the Council on Foreign Relations) said that his committee originated the idea of creating the Development Loan Fund, which was authorized by Congress in Section 6 of the Foreign Aid Bill of 1957, which Eisenhower established by Executive Order on December 13, 1957, and which may be the most sinister step ever taken by the internationalist foreign-aid lobby.

In 1956, when President Eisenhower requested an appropriation of \$4,860,000,000 for foreign aid, he asked Congress to authorize foreign aid commitments for the next ten years. Congress refused the ten-year plan. In 1957, the internationalists' ideal of a *permanent* authorization for foreign aid was wrapped up in the Development Loan Fund scheme.

Only a few Congressmen raised any question about it. Below are passages taken from the *Congressional Record* of July 15, 1957, the day the Development Loan Fund was discussed in the House.

Congressman A. S. J. Carnahan (Democrat, Missouri), floor manager for the Foreign Aid Bill, rose to explain Section 6, which established the Development Loan Fund, saying:

"The United States, in order to provide effective assistance (to all underdeveloped countries of the world) . . . must have available a substantial fund upon which it can draw. The

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fund must be large enough so that all of the underdeveloped nations of the free world will feel that they will have an opportunity to participate in it.

"We cannot wisely say that we should make a small amount available the first year and see how things work out. If we are able to offer assistance only to the select few, we will inevitably antagonize many other countries whose future friendship and cooperation will be important to us . . . in addition to an initial authorization of an appropriation of \$500 million, the bill includes authorization for borrowing from the Treasury \$500 million beginning in fiscal 1959, and an additional \$500 million beginning in fiscal 1960."

Thus, Congressman Carnahan, arguing for foreign aid, outlined some of the absurd fallacies of foreign aid: namely, if we give foreign aid at all, we must provide enough so that every foreign government in the world will always be able to get all it wants. We can exercise no choice in whom we give or lend our money to. If we give only "to the select few" we offend all others.

Congressman H. R. Gross (Republican, Iowa) asked a question:

"What interest rate will be charged upon the loans that are to be made?"

Congressman Carnahan:

"The legislation does not designate the interest rate."

Mr. Gross:

"What will be the length of the loan to be made?"

Mr. Carnahan:

"The legislation does not designate the length of the loans. The rules for the loans, which will determine the interest rates, the length of time the loans will run, the size of the installment repayments, and other administrative details, will be taken care of by the Executive Department."

Congressman John L. Pilcher (Democrat, Georgia) made the point that the manager of the Development Loan Fund, appointed by the President, could lend money to

"any foreign government or foreign government agency, to any corporation, any individual or any group of persons."

Congressman Carnahan:

"That is correct."

Congressman Pilcher:

"In other words, it would be possible for an individual to borrow \$1 million or \$5 million to set up some business in some foreign country, if the manager agreed; is that correct?"

Congressman Carnahan:

"If they met the criteria set up for loans."

Congressman Pilcher:

"This manager . . . has the authority to collect or compromise any obligation in this fund. In other words, he can make a loan this month and if he so desires he can turn around and compromise it or cancel it next month which is a straight out grant in the disguise of a soft-loan program."

Congressman Porter Hardy, Jr. (Democrat, Virginia) said:

"The manager of the Fund has almost unlimited authority to do anything he pleases."

Congressman Barratt O'Hara (Democrat, Illinois), trying to quiet fears that this bill was granting unlimited, uncontrollable power to some appointed manager, said that the blank-check grant of authority was not really being made to the fund manager at all. The power was being given to the President of the United States, and the manager would merely "perform such functions with respect to this title as the President may direct."

Congressman Gross said:

"That is more power than any President should ask for or want the responsibility for."

Congressman Leon H. Gavin (Republican, Pennsylvania) pointed out that we already have 5 or 6 lending agencies in this field: The International Co-operation Administration; the Export-Import Bank; the International Bank; the International Monetary Fund; the International Development Corporation; and the World Bank. Why, then, do we need this new one, the Development Loan Fund?

Congressman Walter H. Judd (Republican, Minnesota) had already answered that question, explaining that Development Loan Fund's money would go to foreigners who could not qualify for loans from other agencies.

Congressman Gross said that all foreign nations which will borrow from this Fund could get all the American private capital they need if they had political systems which made lending to them sensible or feasible.

In short, the Development Loan Fund (which the Committee for Economic Development boasts paternity of) is a dishonest scheme for giving American tax money to foreigners who have proven themselves such poor credit risks that they cannot obtain loans even from other governmental and UN agencies — and who will use the money to line their own pockets and to build socialistic enterprises which will eliminate possibilities of freedom in their own land, and will compete in world markets with American enterprise.

Area Development

In its 1957 annual report, the CED also boasted about the work of its Area Development Committee. At that time, the two leading members of this particular committee of the CED, who were also members of the Council on Foreign Relations, were Mr. Stanley Marcus, President of Neiman-Marcus Co., in Dallas; and the late Dr.

Beardsley Ruml, widely known new-deal-socialist 'economist.' Mr. Jervis J. Babb, Chairman of the CED's Area Development Committee (President of Lever Brothers Company) said:

"The new area development program, approved by the Trustees (of CED) at their May (1957) meeting in Chicago is underway Already, close relationships have been established with organizations, both public and private, that are conducting research and administering programs relating to area development.

"Five of CED's College-Community Research Centers . . . have been selected as a starting point of CED's area development pilot projects. The five centers are: Boston, Utica, Alabama, Arkansas, and Oklahoma."

The CED's area development work has brought CED personnel into close cooperation with the collection of tax-exempt 'municipal planning' organizations housed in a Rockefeller-financed center at 1313 East 60th Street, Chicago, which has become national headquarters for the production and placement of experts — who fabricate 'progressive' legislation for government at all levels; who rewrite our 'archaic' state constitutions; and who take over as city managers, or county managers, or metropolitan managers, or regional managers whenever people in any locality have progressed to the point of accepting government by appointed experts as a substitute for government by elected local citizens.

In other words, through the Area Development activities of the Committee for Economic Development, the invisible government of America — the Council on Foreign Relations — has a hand in the powerful drive for Metropolitan Government. Metropolitan Government, as conceived by socialist planners, would destroy the whole fabric of government and social organization in the United States.

Metropolitan Government would eliminate the individual states as meaningful political entities, would divide the nation into metropolitan regions sprawling across state lines, and would place the management of these regional governments in the hands of appointed experts answerable not

to local citizens but to the supreme political power in Washington.

For detailed discussion, see this *Report*, April 13 and 20, 1959, "Metropolitan Government — Part One," and "Metropolitan Government — Part Two."

Through the Area Development activities of the Committee for Economic Development, the Council on Foreign Relations has supported the 'urban renewal' program.

Urban renewal, with federal tax money, was authorized in the National Housing Act of 1949, and enlarged in scope by amendments to the Housing Acts of 1954, 1956, and 1957; but it did not become a vigorously promoted nationwide program until late 1957, after the Council on Foreign Relations (through the CED) started pushing it.

Urban Renewal is a federally financed program of city planning which requires city governments to seize homes and other private property from some citizens and resell them, at below cost, to real estate promoters and other private citizens for developments that the city planners consider desirable.

Under the ancient, but awesome, right of eminent domain, city governments do not have the power to take private real estate from one citizen for the profit of another citizen. But in November, 1954, the Supreme Court, in an urban renewal case, said that Congress and state legislatures can do anything they like to the private property of private citizens as long as they claim they are doing it for public good.

Federal urban renewal has opened rich veins of public money for graft, corruption, and political vote-buying; and it is destroying private property rights under the pretext that clearing slums eliminate the causes of crime, although everyone knows that slums do not breed crime and delinquency. Delinquency and crime breed slums. Moreover, urban renewal authorizes the seizure not just of slum property, but of all pri-

vate property in a whole section of a city, for resale to private interests which promise to build something that governmental planners will like.

Federal Urban Renewal — since the Council on Foreign Relations' CED started supporting it — has become a national movement with frightful implications and dangers.

For detailed discussion of Urban Renewal, see this *Report*, September 29, 1958, and October 6, 1958.

CED's Educational Work

In its 1957 Annual Report, the Committee for Economic Development gave details on its educational work in public schools and colleges. This work was, at that time, carried on primarily by the CED'S Business-Education Committee, and by two subsidiary operations which that Committee created: the College-Community Research Centers and the Joint Council on Economic Education. From the 1957 Annual Report of the Committee for Economic Development:

"CED's efforts to promote and improve economic education in the schools are of special appeal to those who are concerned . . . both with education and the progress of the free enterprise system. The Business-Education program and the numerous College-Community Research Centers it has sponsored, together with the use of CED publications as teaching materials, represent an important contribution to economic education on the college level.

"In the primary and secondary schools, the introduction of economics into teaching programs is moving forward steadily, thanks largely to the joint Council on Economic Education which CED helped to establish and continues to support. . . .

"The Business-Education Committee continued in 1957 its work with the College-Community Research Centers and with the Joint Council on Economic Education.

"The Joint Council's program to improve the teaching of economics in the public schools is now operating in 39 states, and the 25 college-community research centers active last year

brought to more than 3000 the number of business and academic men who have worked together on economic research projects of local and regional importance. . . .

"In its work, the committee (Business-Education Committee) is finding especially valuable the experience gained through the operation of the College-Community Research Centers. These centers are financed partly by CED, partly by the Fund for Adult Education (a Ford Foundation operation) and partly by locally-raised funds. . . .

"The Joint Council (on Economic Education) is making excellent progress in training teachers and incorporating economics education in all grade levels of public school systems. In addition to its national service programs, the Council has developed strong local or state councils which not only help guide its work but last year raised more than \$500,000, to finance local projects.

"CED helped to establish and works closely with this independent organization (Joint Council on Economic Education) which is now conducting four major types of activities.

"1. *Summer Workshops for Teachers.* These working sessions, sponsored by colleges and universities, provide three weeks training in economics and develop ways to incorporate economics into the school curriculum. Over 19,000 persons have participated since the program began.

"2. *Cooperating School Program.* Twenty school systems are working with the Joint Council (on Economic Education) to demonstrate how economics can be incorporated into the present curriculum. . . .

"3. *College Program.* Few students majoring in education now take economics courses; therefore, 20 leading institutions are working with the Joint Council (on Economic Education) to develop better training in economics for prospective teachers. . . .

"4. *High School-Community Projects.* The Joint Council (on Economic Education) is helping to conduct demonstration programs which show how students can use community resources to improve their economics education. For example, the Whittier, California, school system conducted a six-week program to help high school seniors understand the kind of economy in which they would live and work. They joined in research studies on regional economic problems be-

ing carried on by the Southern California College-Community research center. . . ."

The Committee for Economic Development claims that its educational work in economics is dedicated to progress of free-enterprise; and many of its programs in schools and colleges are indeed educational and admirable; but its subtle and relentless emphasis is on the governmental interventionism that is the essence of new-dealism, fair-dealism, modern-republicanism, and new frontierism — the governmental interventionism prescribed long ago as the way to socialize the economy of America in preparation for integrating this nation into a one-world-socialist system.

This is the program of our invisible government, the Council on Foreign Relations; and the Committee for Economic Development, as pointed out last week, is the major propaganda arm of the CFR in the work of converting America into a socialist nation — under the guise of making our "free-enterprise" system "progress."

Names and Places

Paul Hoffman (whose leadership in the leftward movement of America is so well-known as to need no further comment) founded the Committee for Economic Development in 1942 for the purpose of preparing 'new economic policies' and conditioning the American public to accept them.

Hoffman's CED has come a long way. In 1957, the CED's College-Community Research Centers had 'projects in progress' in 33 institutions of higher learning:

Bates College, Boston College, Boston University, Bowdoin College, Brown University, Colby College, Dartmouth College, Emory University, Harvard Graduate School of Business Administration, Iowa State College, Lewis & Clark College, McGill University, Northeastern University, Northwestern University, Occidental College, Pomona College, Reed College, Rutgers University, Southern Methodist University, Tulane University, University of Alabama, Univer-

sity of Arkansas, University of Iowa, University of Maine, University of Michigan, University of Minnesota, University of North Carolina, University of Oklahoma, University of Pennsylvania, University of Washington, University of Wisconsin, Utica College of Syracuse University, and Washington University.

In 1957, the following institutions of higher learning were participating in the CED's Joint Council on Economic Education 'College Program' to develop training in economics for prospective teachers:

Brigham Young University, George Peabody College for Teachers, Indiana University, Montclair State Teachers College, New York University, Ohio State University, Oklahoma A & M College, Pennsylvania State University, Purdue University, Syracuse University, Teachers College of Columbia University, University of Colorado, University of Connecticut, University of Illinois, University of Iowa, University of Minnesota, University of Southern California, University of Tennessee, University of Texas, University of Washington.

In 1957, the following 20 school systems were working in the CED's Joint Council on Economic Education 'Cooperating School Program,' to demonstrate how economics can be incorporated in the school curriculum, beginning in the first grade:

Akron, Ohio; Albion, Illinois; Chattanooga, Tennessee; Colton, California; Dayton, Ohio; Fort Dodge, Iowa; Hartford, Connecticut; Kalamazoo, Michigan; Lexington, Alabama; Minneapolis, Minnesota; New York City, New York; Portland, Oregon; Providence, Rhode Island; Ridgewood, New Jersey; Seattle, Washington; Syracuse, New York; University City, Missouri; Webster Groves, Missouri; West Hartford, Connecticut; Whittier, California.

As indicated, the Business-Education Committee of the CED is the select group which supervises this vast 'educational' effort reaching into public schools, colleges, and communities throughout the nation. Here is the 1957 membership of the CED's Business-Education Committee:

James L. Allen, senior Partner of Booz, Allen & Hamilton; Jervis J. Babb, chairman of the Board of Lever Brothers Company; Sarah G. Blanding, President of Vassar College; W. Harold Brenton, President of Brenton Brothers, Inc.; James F. Brownlee, former government official who is chairman of the board of the Minute Maid Corporation, and a director of many other big corporations, such as American Sugar Refining Co., Bank of Manhattan, Gillette Safety Razor, R. H. Macy Co., Pillsbury Mills, American Express; Everett Needham Case, President of Colgate University; James B. Conant, former President of Harvard and Ambassador to Germany; John T. Connor, President of Merck & Co.; John S. Dickey, President of Dartmouth College; John M. Fox, President of Minute Maid Corporation; Paul S. Gerot, President of Pillsbury Mills; Stanley Marcus, President of Neiman-Marcus; W. A. Patterson, President of United Air Lines; Morris B. Pendleton, President of Pendleton Tool Industries; Walter Rothschild, Chairman of the Board of Abraham & Straus; Thomas J. Watson, Jr., President of International Business Machines Corporation; J. Cameron Thomson, Chairman of the Board of Northwest Bancorporation.

Note that three of these CED Business-Education Committee members—Conant, Dickey, and Marcus—are influential members of the Council on Foreign Relations and have many connections with the big foundations financing the great CFR interlock that controls the government of the United States and formulates public opinion.

A Typical, Local CFR Operation

In addition to the educational work which it discusses in its 1957 Annual Report, the Committee for Economic Development utilizes many other means to inject its (and the CFR's) economic philosophies into community thought-streams throughout the nation. Here, for example, are passages from a news story in *The Dallas Morning News*, June 30, 1953:

"Dallas businessmen and Southern Methodist University officials Monday (June 29) launched a \$25,000 business research project financed through agencies of the Ford Foundation.

"Stanley Marcus of Dallas, a national trustee of Ford Foundation's Committee for Economic Development, said the project would go on two or three years under foundation funds. After that . . . the city might foot the bill . . .

"The SMU project — along with several others like it throughout the nation — is designed to foster study in regional and local business problems, Marcus commented.

"Here's how the Dallas project will work:

"A business executive committee, composed of some of Dallas' top businessmen, will be selected. These men then will select a group of younger executives for a business executive research committee. This will be the working group, Marcus explained . . .

"At SMU, several of the school's chief officials will act as a senior faculty committee. . . . Acting as co-ordinator for the project will be Warren A. Law, . . . who soon will get his doctorate in economics from Harvard University."

The 'experimental' stage of this Business Executives Research Committee lasted five years in Dallas. During that time, the researchers filed two major reports: an innocuous one in 1955 concerning traffic and transit problems in Dallas; and a most significant one in 1956, strongly urging Metropolitan Government for Dallas Coun-

ty, patterned after the metro system in Toronto, Canada.

In October, 1958, Dr. Donald K. David, then Chairman of the Committee for Economic Development and vice chairman of the Ford Foundation (and also a member of the Council on Foreign Relations) came to Dallas to speak to the Citizens Council, an organization composed of leading Dallas business executives, whose president that year was Stanley Marcus.

Dr. David told the business men that they should give greater support and leadership to the government's foreign aid program; and, of course, he urged vast expansion of foreign aid, particularly to 'underdeveloped nations.'

That was the signal and the build-up. The next month—November, 1958—the experimental Business Executives Research Committee, which the CED had formed in 1953 and which had already completed its mission with its report and recommendation on Metropolitan Government for Dallas, was converted into "The Dallas CED Associates."

Here is a news story about that event, taken from the November 11, 1958, *Dallas Morning News*:

WHO IS DAN SMOOT?

Dan Smoot was born in Missouri. Reared in Texas, he attended SMU in Dallas, taking BA and MA degrees from that university in 1938 and 1940.

In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for the degree of Doctor of Philosophy in the field of American Civilization.

In 1942, he took leave of absence from Harvard in order to join the FBI. At the close of the war, he stayed in the FBI, rather than return to Harvard.

He served as an FBI Agent in all parts of the nation, handling all kinds of assignments. But for three and a half years, he worked exclusively on communist investigations in the industrial midwest. For two years following that, he was on FBI headquarters staff in Washington, as an Administrative Assistant to J. Edgar Hoover.

After nine and a half years in the FBI, Smoot resigned to help start the Facts Forum movement in Dallas. As the radio and television commentator for Facts Forum, Smoot, for almost four years spoke to a national audience giving both sides of great controversial issues.

In July, 1955, he resigned and started his own independent program, in order to give only one side — the side that uses fundamental American principles as a yardstick for measuring all important issues.

If you believe that Dan Smoot is providing effective tools for those who want to think and talk and write on the side of freedom, you can help immensely by subscribing, and encouraging others to subscribe, to *The Dan Smoot Report*.

"A Dallas Committee for Economic Development—the first of its kind in the nation—has been founded at Southern Methodist University. It will give voice to Southwestern opinions—and knowledge—on economic matters of international importance. Keystone will be an economic research center to be established soon at SMU.

"A steering group composed of Dallas and Southwestern business, industrial and educational leaders laid the groundwork for both committee and center in a weekend meeting at SMU."

The 'steering group' included George McGhee and Neil Mallon.

Mr. McGhee (presently Assistant Secretary of State for Policy Planning) is, and has been for many years, a member of the Council on Foreign Relations.

Neil Mallon, Chairman of the Board of Dresser Industries and a former official of the Foreign Policy Association, founded the Dallas Council on World Affairs in 1951. Dresser Industries is one of the big corporations listed as a contributor to the Council on Foreign Relations.

See Part III of this series on Invisible Government, this *Report* dated June 26, 1961, in which the 'independent' Councils on World Affairs are characterized as propaganda arms of the Council on Foreign Relations (through the parent organization, Foreign Policy Association), their

chief function during the past ten years being to carry on the work of the discredited Institute of Pacific Relations.

In the group with Mr. McGhee and Mr. Mallon were five SMU officials, a Dallas banker, a real estate man, and Stanley Marcus, who was the head man in the "steering group" which set up the Dallas Associates of the Committee for Economic Development.

The first literary product of the Dallas Associates of the CED—at least, the first to come to my attention—is a most expensive-looking 14-page printed booklet entitled "The Role of Private Enterprise in the Economic Development of Underdeveloped Nations." The title page reveals that this pamphlet is a policy statement of The Dallas Associates of CED. It is little more than a rewrite of the speech which Dr. Donald K. David had made to the Dallas Citizens Council in November, 1958, urging business to give support and leadership to the government's foreign aid programs.

Part VI

More on Invisible Government. And there will be more after that.

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